

PRIME CONVENIENCE STORE INVESTMENT SALE

SECURE LONG INCOME WITH INDEX LINKED UPLIFTS



UNIT 1, AIRDS CROSSING
2 HIGH STREET
FORT WILLIAM
PH33 6EU

EYCO

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INVESTMENT SUMMARY

- Prime location in the "Outdoor Capital of the UK" Fort William, a popular tourist location in the West Highlands of Scotland
- Index linked long income secured against the undoubted financial covenant of Tesco Stores Limited until 22/01/2043
- Tesco relocated to the subject property in 2023, right sizing their store for long term occupation
- The Original Factory Store (TOFS) have recently committed to a new lease of the adjoining unit which extends to approx. 11,000 sq ft
- Ground floor unit extending to 4,068 sq ft with dedicated service yard to the rear
- Passing rent of **£77,000** per annum with the next RPI linked rent review due 23/01/2028
- Offers over **£1,165,000** reflecting a net initial yield of **6.25%**, assuming standard purchaser's costs



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LOCATION

Fort William is the largest town in the West Highlands with a population in excess of 10,500. It serves as the commercial centre of Lochaber which has a wider population of in excess of 20,000 people.

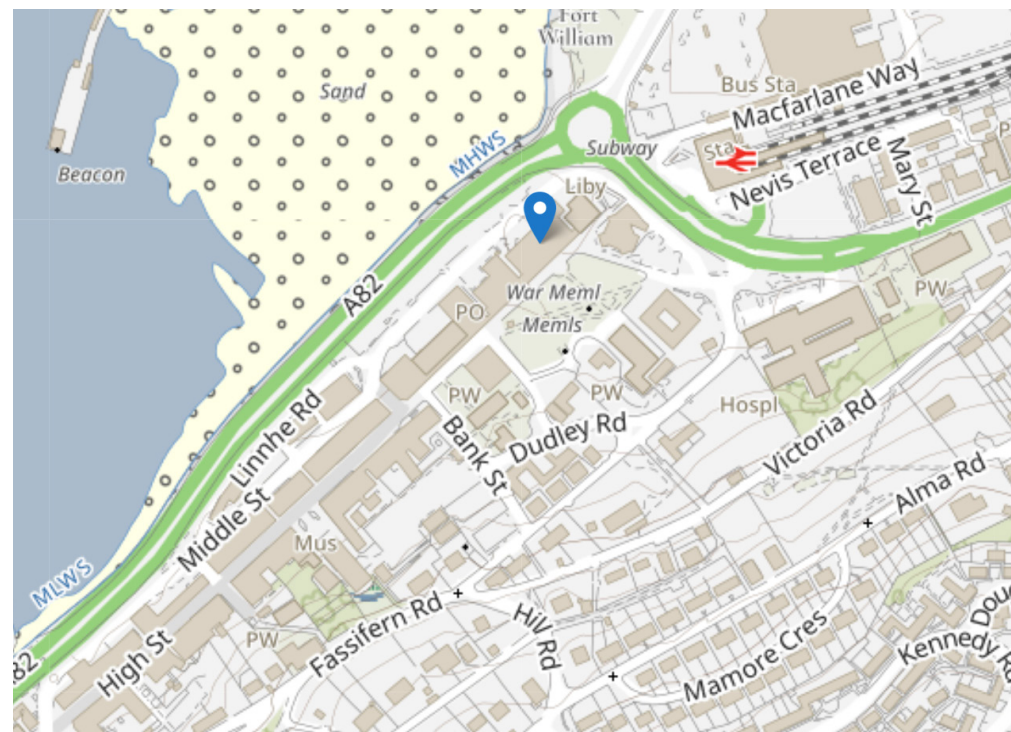
The town is linked directly with Inverness, Oban and the south via the A82 trunk road. The town benefits from its own train station, on the site where the original fort was built in 1654, named after King William III. The station, close to the Tesco store, also hosts the Jacobite Steam Train, also known as the Hogwarts Express. The Caledonian Sleeper Train arrives early in the morning from London and departs early in the evening on the same route.

Fort William, sitting on the eastern shore of Loch Linnhe, is known as the Outdoor Capital of the UK as the surrounding area offers some of Scotland's finest scenery including Ben Nevis (the UK's highest mountain) and Glencoe. It is host to activities such as hill walking, mountain biking

and angling, attracting over 500,000 visitors annually. The famous West Highland Way walking route starts/ ends close to the property, bringing approx. 35,000 annually to the centre of Fort William.

Fort William was the first town in Britain to light up its streets using hydroelectricity in 1896.

The town's retail and leisure provision is focused primarily on the High Street, complemented by stand-alone Morrisons and Lidl food stores and 2 out of town retail parks incorporating an M&S Food Hall and Aldi.



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DESCRIPTION

The Tesco Express store forms part of the Airs Crossing retail parade, providing good quality open plan space, located at the northern end of the High Street. The unit extends to approx. 4,068 sq ft GIA, all at ground floor level. Tesco fitted out the property in 2023 to bring their Express format to the town. Tesco relocated from the nearby unit now occupied by Go Outdoors, downsizing from their historic Metro format.

The unit benefits from a dedicated service yard to the rear, accessed via Middle Street. A substantial public car park is directly opposite the rear yard. A pdf floor plan can be made available.

The Original Factory Store (TOFS) have recently committed to a new lease of the adjoining unit which extends to approx. 11,000 sq ft.

Nearby retailers include Boots, Nevis Sport, Go Outdoors, RBS, WH Smith and the famous Crofter Bar & Restaurant.



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TENANCY INFORMATION

Summary of the current lease terms below:

- Tenant = Tesco Stores Limited
- Lease start = 23/01/2023
- 5 yearly rent reviews linked to the annual increase in RPI, compounded annually, capped and collared between 2.5% and 0.0% respectively, subject to an overall cap of 12.5%
- Next review due 22/01/2028
- Lease expiry = 22/01/2043 with tenant option to extend the lease for a further 10 years
- Tenant only break option as at 22/01/2033 on 6 months written notice
- Full repairing and insuring lease
- Current passing rent = **£77,000** per annum, reflecting £18.93 per sq ft

TENANT FINANCIAL COVENANT STRENGTH

Tesco Stores Limited, established in 1953, is the principal UK operating subsidiary of Tesco Plc. Tesco Plc (D&B 5A1), which was established in 1919 and is now the UK's largest retailer, listed on the London Stock Exchange with a market capitalisation of 19.8 billion (April 2024) and is a member of the FTSE 100 index of leading UK shares. Tesco is the largest supermarket operator in the UK with a market share of approximately 27%. Tesco operates over 4,859 stores worldwide employing over 337,000 people. There are currently over 2,800 stores in the UK. Further information can be found at www.tesco.com.



Tesco Stores Limited has a current low risk D&B rating of 5A2 and reported the following financial information for the last three years:

Year Ending	Turnover	Net Assets	Pre-Tax Profit
February 2023	£47.5 bn	£4.4 bn	£565 m (impacted by a £700m one off impairment charge)
February 2022	£44.8 bn	£8.2 bn	£1.3 bn
February 2021	£42.5 bn	£5.5 bn	£1.0 bn



TENURE

The property is held by way of a heritable title (Scottish equivalent of English freehold).

ENERGY PERFORMANCE CERTIFICATE

EPC rating = G235 (undertaken in Jan 2023 - prior to Tesco fitout) .

VAT

The property has been elected for VAT and therefore VAT will be payable on the purchase price. However, it is anticipated that the sale will be treated as a Transfer of a Going Concern (TOGC).

AML REGULATIONS

In accordance with AML Regulations, the preferred purchaser will be required to satisfy the Vendor on the source of funds used to acquire the property.

PROPOSAL

We are instructed to seek offers in excess of **£1,165,000** exclusive of VAT for our client's heritable interest subject to and with the benefit of the existing lease. A purchase at this level would reflect a net initial yield of **6.25%** after allowing for Scotland's Land and Buildings Transaction Tax (LBTT) and standard purchaser's costs.

FURTHER INFORMATION

For further information or to arrange a viewing, please contact:

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